

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

City of East Jordan

Charlevoix County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2007

City of East Jordan

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INDEPENDENT AUDITORS' REPORT

To the City Commission
City of East Jordan
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of East Jordan as of and for the year ended June 30, 2007 and 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of East Jordan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Jordan as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Jordan basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
December 14, 2007

Management Discussion and Analysis

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

This discussion and analysis is intended to be an easily readable analysis of the City of East Jordan's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

This report consist of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, combining schedules of nonmajor funds and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works, parks and recreation, community development and general government administration. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities report capital assets and long-term liabilities. Governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." A budgetary comparison is presented for the general fund which is the only fund for which a budget is legally adopted. Statements for the City's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules. Finally, is the statistical section, which presents trend information and demographics.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. To be an accurate presentation, the prior year would have to be restated to the new reporting format. The City has chosen to not restate the prior year. Nevertheless when possible, significant changes from the prior year are explained in the following paragraphs.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2007 follows:

	Governmental Activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 598,075	\$ 512,315	\$ 1,415,380	\$ 1,534,235	\$ 2,013,455	\$ 2,046,550
Capital assets	4,276,398	4,478,518	5,849,303	5,691,021	10,125,701	10,169,539
Total assets	4,874,473	4,990,833	7,264,683	7,225,256	12,139,156	12,216,089
Long-term liabilities	1,055,814	894,287	2,012,379	58,150	3,068,193	952,437
Other liabilities	14,741	28,396	60,796	2,184,606	75,537	2,213,002
Total liabilities	1,070,555	922,683	2,073,175	2,242,756	3,143,730	3,165,439
Net assets						
Invested in capital assets - net of debt	3,427,862	3,679,675	3,836,924	3,506,416	7,264,786	7,186,091
Restricted	172,258	121,050	-	-	172,258	121,050
Unrestricted	203,798	267,425	1,354,584	1,476,084	1,558,382	1,743,509
Total net assets	\$ 3,803,918	\$ 4,068,150	\$ 5,191,508	\$ 4,982,500	\$ 8,995,426	\$ 9,050,650

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

Business-type Activities. The City's business-type activities consist of the Sewer, Water, Ambulance, Harbor Marina Solid Waste Transfer Station and Tourist Park funds.

Water and Sewer Fund

Operation of the water and sewer systems is paid through user fees based upon amount of metered water used. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the system. The last rate increase went into effect for the quarter beginning July 1, 2006.

Tourist Park

Operation of the Tourist Park is paid through user fees based upon camper rent. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the park. The last rate increase went into effect for the season beginning April 15, 2006.

Harbor Fund

Operation of the harbor fund is paid through user fees based upon seasonal and transient dock rents. The rates are set through Michigan Department of Natural Resources Parks and Recreation Bureau (Michigan State Waterways Commission). The last rate increase went into effect for the season beginning April 15, 2006.

Ambulance Fund

Operation of the ambulance fund is paid through user fees based upon basic and advance life support. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the ambulance fund. The last rate increase was July 1, 2006.

Transfer Station Fund

Operation of the transfer station fund is paid through user fees based upon the disposal of garbage. A comparison of revenues and expenditures is evaluated every year to determine whether rates are providing the necessary revenue to meet expenses of the transfer station fund. The last rate increase was July 1, 2003.

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

A condensed version of the Statement Activities follows:

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
<u>Program revenues</u>						
Charges for services	\$ 59,816	\$ 63,614	\$ 1,652,418	\$ 1,542,162	\$ 1,712,234	\$ 1,605,776
Operating grants and contributions	224,487	249,348	7,831	34,918	232,318	284,266
<u>General revenue</u>						
Property tax	1,125,052	1,087,235	-	-	1,125,052	1,087,235
State shared revenue	268,455	276,872	-	-	268,455	276,872
Unrestricted investment income	29,059	25,406	36,432	29,845	65,491	55,251
Licenses and permits	13,275	5,135	-	-	13,275	5,135
Rent	6,537	5,212	-	-	6,537	5,212
Fines and forfeitures	340	500	-	-	340	500
Miscellaneous	30,394	240,605	27,520	4,139	57,914	244,744
Total revenues	1,757,415	1,953,927	1,724,201	1,611,064	3,481,616	3,564,991
<u>Program expenses</u>						
General government	556,725	557,490	-	-	556,725	557,490
Public safety	655,124	597,569	-	-	655,124	597,569
Public works	667,097	533,170	-	-	667,097	533,170
Community and economic development	9,392	5,172	-	-	9,392	5,172
Recreation and culture	162,906	347,452	-	-	162,906	347,452
Sewer Fund	-	-	297,560	280,453	297,560	280,453
Water Fund	-	-	343,866	326,291	343,866	326,291
Solid Waste Transfer Station	-	-	45,331	41,014	45,331	41,014
Ambulance	-	-	402,198	361,471	402,198	361,471
Tourist Park	-	-	134,286	98,868	134,286	98,868
Marina	-	-	218,134	246,024	218,134	246,024
Interest on long-term debt	27,154	26,388	-	-	27,154	26,388
Total expenses	2,078,398	2,067,241	1,441,375	1,354,121	3,519,773	3,421,362
Change in net assets before transfers	(320,983)	(113,314)	282,826	256,943	(38,157)	143,629
Transfers	56,751	88,971	(73,818)	(72,331)	(17,067)	16,640
Increase in net assets	\$ (264,232)	\$ (24,343)	\$ 209,008	\$ 184,612	\$ (55,224)	\$ 160,269

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

Governmental activities.

Governmental activities' program expenses remained similar to prior year. There were some significant variations in some revenue items. The current budget instability at both the Federal and State levels do not allow the City financial position to improve greatly from one fiscal year to the next. I believe that the City's financial position has improved only slightly over the last fiscal year. The City of East Jordan's financial position improved because of increase property values and new or rehabilitated properties being added to the tax rolls. The City's largest employer has maintained production levels over the past year. These factors have lead to the financial condition remaining the same or increasing slightly. The only significant increase to our tax base was the addition of the new addition to a major employer. The ending General Fund fund balance would have been higher if not for decreasing State revenue. There should be no significant change in the financial position if all funding levels remain at current levels.

Business-type activities

The City's business type activities continue to improve. Improvements to business-type infrastructure include replacing water mains, repairing and updating meters, leak repair on water mains, improving our pump to bill ratio, repairing and upgrading the sewer collection system each fiscal year as funding allows. This year's major work included watermain replacement to improve the reliability of the water system. At the sewer lagoons a deep mixing system for better aeration was refined. Infrastructure upgrades at the Tourist Park extended the useful life of the park infrastructure. As in prior years both the EMS Fund and the Marina Fund spent funds to upgrade the physical plant and equipment. This fiscal year both funds curtailed capital spending to increase net assets.

Budgetary Highlights

Over the course of the year the City Commission amended the budget one time. The amendments were for grants received and bonds sold that were not budgeted for and new line items that were put in the budget after it was adopted. The City Commission also requested that the budget be amended to allow the Commission to waive the fee for the Civic Center and Elm Pointe Departments of General Fund. In total, the General Fund's expenditures were \$282,326 less than was budgeted.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets as of June 30, 2007, amounted to \$10,125,701 (net of accumulated depreciation). This investment, detailed in the following table, is invested in broad range of capital assets including land, buildings, land improvements, machinery and equipment, streets and business-type infrastructure.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Land	\$ 91,450	\$ 91,450	\$ 355,002	\$ 355,002	\$ 446,452	\$ 446,452
Buildings	549,925	577,044	46,943	46,943	596,868	623,987
Land improvements	82,031	92,805	848,796	848,796	930,827	941,601
Machinery and equipment	1,447,035	1,444,529	118,095	70,345	1,565,130	1,514,874
Sewer lagoons	-	-	1,490,061	1,532,961	1,490,061	1,532,961
Mains	-	-	2,990,406	2,822,591	2,990,406	2,822,591
Infrastructure	2,105,957	2,272,692	-	-	2,105,957	2,272,692
Total net assets	\$ 4,276,398	\$ 4,478,520	\$ 5,849,303	\$ 5,676,638	\$ 10,125,701	\$ 10,155,158

City of East Jordan, Michigan

Management's Discussion and Analysis

For the year ended June 30, 2007

Debt Outstanding

The significant long-term debt has been incurred in the DDA for the Main Street Center. The DDA sold bonds to fund the public improvements. The tax increment from the Main Street Center will service the debt. The bonds were purchased by Charlevoix State Bank, the majority owner of the Main Street Center.

	Governmental Activities		Business-type activities		Total		Component Unit	
	2007	2006	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 625,000	\$ 505,000	\$ 275,000	\$ 320,000	\$ 900,000	\$ 825,000	\$ 1,435,000	\$ 1,435,000
Revenue bonds	-	-	1,493,218	1,591,218	1,493,218	1,591,218	-	-
Installment purchase agreements	345,485	293,849	244,161	273,388	589,646	567,237	-	-
Total net assets	\$ 970,485	\$ 798,849	\$ 2,012,379	\$ 2,184,606	\$ 2,982,864	\$ 2,983,455	\$ 1,435,000	\$ 1,435,000

The City's is not rated by Moody's and Standard and Poor's since our borrowing is not at their rating threshold. More detailed information on the City's long-term liabilities is presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State of Michigan is projecting significant budget deficits

To deal with swings in the economy and to plan for future capital expansion, the City routinely puts aside resources. The City has also attempted to keep expenditures to a minimum because of the anticipated revenue problems.

The City's Downtown Development Authority is working with outside investors to build a new motel in the City. In December of 2007, the DDA received a grant in excess of \$600,000 from the Michigan Economic Development Corporation to complete infrastructure improvements at the motel site.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Administrator at 201 Main Street, PO Box 499, East Jordan, Michigan 49727.

GOVERNMENT WIDE FINANCIAL STATEMENTS

City of East Jordan

Charlevoix County, Michigan

Statement of Net Assets

For the year ended June 30, 2007

	Governmental activities	Business type activities	Total	Component units
<u>GOVERNMENTAL ASSETS</u>				
Cash and cash equivalents	\$ 458,540	\$ 978,031	\$ 1,436,571	\$ 693
Receivables (net)	11,324	427,001	438,325	-
Inventories	8,057	13,786	21,843	-
Due from other governmental units	116,716	-	116,716	-
Due to other funds	3,438	(3,438)	-	-
Capital assets - net	4,276,398	5,849,303	10,125,701	-
TOTAL ASSETS	\$ 4,874,473	\$ 7,264,683	\$ 12,139,156	\$ 693
<u>GOVERNMENTAL LIABILITIES</u>				
Accounts payable	\$ 1,752	\$ 1,961	\$ 3,713	\$ -
Accrued and other liabilities	9,639	15,274	24,913	-
Deferred revenue	3,350	43,561	46,911	-
Due within one year	118,439	161,241	279,680	140,000
Due in more than one year	937,375	1,851,138	2,788,513	1,170,000
TOTAL LIABILITIES	1,070,555	2,073,175	3,143,730	1,310,000
<u>GOVERNMENTAL NET ASSETS</u>				
Restricted for				
Streets and highways	101,231	-	101,231	-
Debt service	296	-	296	476
Capital projects	70,731	-	70,731	-
Invested in capital assets net of related debt	3,427,862	3,836,924	7,264,786	-
Unrestricted	203,798	1,354,584	1,558,382	(1,309,783)
TOTAL NET ASSETS	3,803,918	5,191,508	8,995,426	(1,309,307)
TOTAL LIABILITIES AND NET ASSETS	\$ 4,874,473	\$ 7,264,683	\$ 12,139,156	\$ 693

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Statement of Activities

For the year ended June 30, 2007

Functions/Programs	Expenses	Charges for services	Operating grants and contributions
<u>FUNCTIONS/PROGRAMS</u>			
General government	\$ 556,725	\$ 57,592	\$ -
Public safety	655,124	2,045	-
Public works	667,097	-	218,132
Community and economic development	9,392	-	-
Recreation and culture	162,906	179	6,355
Interest on long-term debt	27,154	-	-
Total Governmental activities	2,078,398	59,816	224,487
<u>BUSINESS TYPE EXPENSES</u>			
Sewer	297,560	381,791	-
Water	343,866	533,925	-
Transfer Station	45,331	51,364	-
Ambulance	402,198	437,760	-
Tourist Park	134,286	107,901	-
Marina	218,134	139,677	7,831
Total Business type activities	1,441,375	1,652,418	7,831
Total Primary government	3,519,773	1,712,234	232,318
<u>COMPONENT UNIT EXPENSES</u>			
City of East Jordan Downtown Development Authority	\$ 167,175	\$ -	\$ -

General Revenues

Property taxes
State-shared revenue
Unrestricted investment income
Licenses and permits
Rent
Fines and forfeitures
Gain (loss) on sale of capital assets
Miscellaneous
Interfund transfers

Total general revenues - special items and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to basic financial statements.

Governmental activities	Business-type activities	Total	Component units
\$ (499,133)	\$	\$ (499,133)	
(653,079)		(653,079)	
(448,965)		(448,965)	
(9,392)		(9,392)	
(156,372)		(156,372)	
(27,154)		(27,154)	
(1,794,095)		(1,794,095)	
	84,231	84,231	
	190,059	190,059	
	6,033	6,033	
	35,562	35,562	
	(26,385)	(26,385)	
	(70,626)	(70,626)	
	218,874	218,874	
(1,794,095)	218,874	(1,575,221)	
		\$ (167,175)	
1,125,052	-	1,125,052	251,392
268,455	-	268,455	-
29,059	36,432	65,491	3,549
13,275	-	13,275	-
6,537	-	6,537	-
340	-	340	-
(4,080)	2,940	(1,140)	
34,474	24,580	59,054	7,312
56,751	(73,818)	(17,067)	17,067
1,529,863	(9,866)	1,519,997	279,320
(264,232)	209,008	(55,224)	112,145
4,068,150	4,982,500	9,050,650	(1,421,452)
\$ 3,803,918	\$ 5,191,508	\$ 8,995,426	\$ (1,309,307)

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Governmental Funds

Balance Sheet

June 30, 2007

	General Fund	Major Streets	Nonmajor Funds	Total
ASSETS				
Cash	\$ 127,359	\$ 58,472	\$ 152,554	\$ 338,385
Taxes receivable	-	-	345	345
Accounts receivable	10,979	-	-	10,979
Due from other units of government	84,457	23,794	8,465	116,716
Due from other funds	-	10	-	10
Inventory	8,057	-	-	8,057
TOTAL ASSETS	\$ 230,852	\$ 82,276	\$ 161,364	\$ 474,492
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 1,752	\$ -	\$ -	\$ 1,752
Due to other funds	2,470	-	-	2,470
Payroll deductions payable	29	242	161	432
Accrued wages payable	6,889	-	-	6,889
Deferred revenue	3,350	-	-	3,350
Customers deposits payable	-	-	200	200
TOTAL LIABILITIES	14,490	242	361	15,093
FUND EQUITY				
Reserved for				
Debt service	-	-	296	296
Capital outlay	-	-	70,731	70,731
Streets and highways	-	82,034	19,197	101,231
Unrestricted	216,362	-	70,779	287,141
TOTAL FUND BALANCES	216,362	82,034	161,003	459,399
TOTAL LIABILITIES AND FUND BALANCES	\$ 230,852	\$ 82,276	\$ 161,364	\$ 474,492

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended June 30, 2007

Total fund balances - total governmental funds	\$	459,399
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets at cost		6,989,740
Accumulated depreciation		(3,109,672)
Net capital assets		3,880,068
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at June 30, 2007 were:		
Bonds payable		(970,575)
Employee benefits payable		(85,239)
Internal service funds are used by management to charge the costs of activities, such as equipment rent, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
		520,265
Net assets of governmental activities	\$	3,803,918

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2007

	General Fund	Major Streets	Nonmajor Funds	Total
REVENUE				
Property taxes	\$ 1,097,993	\$ -	\$ 27,054	\$ 1,125,047
State grants	268,455	155,372	62,761	486,588
Licenses and permits	13,275	-	-	13,275
Fines and forfeitures	340	-	-	340
Charges for services	59,816	-	-	59,816
Interest and rents	28,141	3,559	3,895	35,595
Other revenue	33,661	624	8,294	42,579
TOTAL REVENUE	1,501,681	159,555	102,004	1,763,240
EXPENDITURES				
General government	585,925	-	-	585,925
Public safety	583,919	-	21,320	605,239
Public works	246,495	-	-	246,495
Streets	-	90,065	60,990	151,055
Community and economic development	9,392	-	-	9,392
Recreation and culture	120,156	-	-	120,156
Debt service	-	-	82,154	82,154
Capital outlay	-	-	161,676	161,676
TOTAL EXPENDITURES	1,545,887	90,065	326,140	1,962,092
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,206)	69,490	(224,136)	(198,852)
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	-	117,137	167,137
Transfers out	(25,571)	(60,315)	(36,500)	(122,386)
Bond or note issuance	-	-	173,250	173,250
TOTAL OTHER FINANCING SOURCES (USES)	24,429	(60,315)	253,887	218,001
NET CHANGE IN FUND BALANCES	(19,777)	9,175	29,751	19,149
FUND BALANCES, BEGINNING OF YEAR	236,139	72,859	131,252	440,250
FUND BALANCES, END OF YEAR	\$ 216,362	\$ 82,034	\$ 161,003	\$ 459,399

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2007

Net change in fund balances - total governmental funds	\$	19,149
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.		25,758
Gain or Loss on disposal of capital assets		(4,080)
Issuance of debt		(175,000)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		75,773
Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(292,479)
Employee benefits		10,109
Internal service fund		76,538
Change in net assets of government activities	\$	(264,232)

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Net Assets

June 30, 2007

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
ASSETS				
Current assets				
Cash	\$ 578,235	\$ 277,986	\$ 100	\$ 55,337
Accounts receivable	100,814	139,974	186,213	-
Inventory	-	-	-	13,786
Total current assets	679,049	417,960	186,313	69,123
Noncurrent assets				
Capital assets	-	-	-	-
Land	21,626	36,322	-	289,285
Buildings	-	-	-	-
Improvements other than buildings	3,761,698	3,051,949	-	1,409,967
Machinery and equipment	15,527	-	378,478	36,100
Less accumulated depreciation	(1,601,204)	(741,772)	(289,244)	(582,553)
Total Noncurrent assets	2,197,647	2,346,499	89,234	1,152,799
TOTAL ASSETS	\$ 2,876,696	\$ 2,764,459	\$ 275,547	\$ 1,221,922
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ 1,961	\$ -
Due to other funds	1,519	1,843	-	-
Payroll deductions payable	-	-	3,931	-
Customers deposits payable	-	1,555	-	-
Accrued wages payable	3,182	2,529	-	1,861
Deferred revenue	-	-	-	18,363
Total current liabilities	4,701	5,927	5,892	20,224
Noncurrent liabilities				
Bonds payable	275,000	1,493,218	-	-
Installment purchase agreement	-	-	36,031	-
Notes payable	-	-	-	208,130
Total noncurrent liabilities	275,000	1,493,218	36,031	208,130
TOTAL LIABILITIES	279,701	1,499,145	41,923	228,354
NET ASSETS				
Invested in capital assets - net of related debt	1,922,647	853,281	53,203	944,669
Unrestricted	674,348	412,033	180,421	48,899
TOTAL NET ASSETS	2,596,995	1,265,314	233,624	993,568
TOTAL LIABILITIES AND NET ASSETS	\$ 2,876,696	\$ 2,764,459	\$ 275,547	\$ 1,221,922

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ 20,943	\$ 45,430	\$ 978,031
-	-	427,001
-	-	13,786
20,943	45,430	1,418,818
-	-	-
-	7,769	355,002
-	128,660	128,660
55,037	103,759	8,382,410
-	9,113	439,218
(10,908)	(230,306)	(3,455,987)
44,129	18,995	5,849,303
\$ 65,072	\$ 64,425	\$ 7,268,121
\$ -	\$ -	\$ 1,961
-	76	3,438
-	1,676	5,607
-	350	1,905
190	-	7,762
-	25,198	43,561
190	27,300	64,234
-	-	1,768,218
-	-	36,031
-	-	208,130
-	-	2,012,379
190	27,300	2,076,613
44,129	18,995	3,836,924
20,753	18,130	1,354,584
64,882	37,125	5,191,508
\$ 65,072	\$ 64,425	\$ 7,268,121

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
OPERATING REVENUE				
Services rendered	\$ 368,270	\$ 519,963	\$ 437,760	\$ 639
Fees	13,521	13,962	-	-
Sales	-	-	-	74,791
Rent	-	-	-	64,277
TOTAL OPERATING REVENUE	381,791	533,925	437,760	139,707
OPERATING EXPENSES				
Personal services	103,511	107,018	278,409	65,004
Contractual services	14,781	39,854	21,902	11,574
Utilities	25,553	21,643	7,014	13,552
Repairs and maintenance	22,247	30,465	12,228	12,542
Supplies and other	6,567	11,038	45,472	65,843
Rent	43,485	47,239	1,462	271
Depreciation	70,969	47,308	30,140	28,435
Capital outlay	1,310	-	4,869	3,907
TOTAL OPERATING EXPENSES	288,423	304,565	401,496	201,128
OPERATING INCOME (LOSS)	93,368	229,360	36,264	(61,421)
NONOPERATING REVENUE (EXPENSES)				
Interest and dividends	21,154	9,235	174	3,407
Reimbursements	-	-	17	-
Other	2,146	5,353	16,278	294
Interest expense	(9,133)	(39,305)	(702)	(17,031)
Gain on sale of depreciable assets	-	-	-	881
Sale of fixed assets	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSE)	14,167	(24,717)	15,767	(12,449)
Income (loss) before contributions and transfers	107,535	204,643	52,031	(73,870)
Other state grants	-	-	-	7,831
Transfers In	-	-	21,500	10,000
Transfers Out	(25,067)	(62,318)	(15,000)	-
CHANGE IN NET ASSETS	82,468	142,325	58,531	(56,039)
NET ASSETS, BEGINNING OF YEAR	2,514,527	1,122,989	175,093	1,049,607
NET ASSETS, END OF YEAR	\$ 2,596,995	\$ 1,265,314	\$ 233,624	\$ 993,568

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ -	\$ -	\$ 1,326,632
50,854	104,946	183,283
510	2,955	78,256
-	-	64,277
51,364	107,901	1,652,448
12,806	60,299	627,047
24,784	2,390	115,285
916	47,454	116,132
1,588	5,137	84,207
413	11,074	140,407
3,733	1,045	97,235
1,091	1,620	179,563
-	5,274	15,360
45,331	134,293	1,375,236
6,033	(26,392)	277,212
999	1,464	36,433
-	-	17
467	645	25,183
-	-	(66,171)
-	-	881
-	1,440	1,440
1,466	3,549	(2,217)
7,499	(22,843)	274,995
-	-	7,831
-	8,500	40,000
-	(11,433)	(113,818)
7,499	(25,776)	209,008
57,383	62,901	4,982,500
\$ 64,882	\$ 37,125	\$ 5,191,508

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended June 30, 2007

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 373,384	\$ 536,178	\$ 420,063	\$ 136,746
Payments to suppliers	(144,003)	(190,459)	(153,000)	(123,802)
Payments to employees	(72,504)	(74,851)	(216,950)	(51,886)
Customer deposits	-	270	-	-
Net cash provided (used) by operating activities	156,877	271,138	50,113	(38,942)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Operating subsidies and transfers to other funds	(25,067)	(62,318)	6,500	10,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Capital contributions	-	-	-	7,831
Purchase of capital assets	(81,610)	(167,313)	(51,731)	(32,540)
Principal and interest paid on capital debt	(54,133)	(137,305)	(21,251)	(25,708)
Other receipts (payments)	2,146	5,353	16,295	1,175
Due from other funds	9,320	-	-	-
Gain on sale of assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	(124,277)	(299,265)	(56,687)	(49,242)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and dividends	21,154	9,235	174	3,407
Net cash provided by investing activities	21,154	9,235	174	3,407
Net increase (decrease) in cash and cash equivalents	28,687	(81,210)	100	(74,777)
Balances - beginning of year	549,548	359,196	-	130,114
Balances - end of year	\$ 578,235	\$ 277,986	\$ 100	\$ 55,337

See accompanying notes to basic financial statements.

Solid Waste		
Transfer Fund	Tourist Park	Total
\$ 51,364	\$ 111,034	\$ 1,628,769
(33,007)	(78,776)	(723,047)
(11,226)	(54,103)	(481,520)
-	-	270
7,131	(21,845)	424,472
-	(2,933)	(73,818)
-	-	7,831
(500)	(4,351)	(338,045)
-	-	(238,397)
467	2,085	27,521
(16,280)	-	(6,960)
-	200	200
(16,313)	(2,066)	(547,850)
999	1,464	36,433
999	1,464	36,433
(8,183)	(25,380)	(160,763)
29,126	70,810	1,138,794
\$ 20,943	\$ 45,430	\$ 978,031

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended June 30, 2007

	Sewer Fund	Water Fund	Ambulance Fund	Marina Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 93,368	\$ 229,360	\$ 36,264	\$ (61,421)
Adjustments to reconcile operating income to net cash				
Provided (used) by operating activities				
Depreciation expense	70,969	47,308	30,140	28,435
Change in net assets and liabilities				
Receivables - net	(8,407)	2,253	(17,697)	-
Inventories	-	-	-	(3,392)
Accounts and other payables	947	(8,053)	1,406	397
Customer deposits	-	270	-	-
Deferred revenue	-	-	-	(2,961)
Net cash provided by operating activities	\$ 156,877	\$ 271,138	\$ 50,113	\$ (38,942)

See accompanying notes to basic financial statements.

Solid Waste			
Transfer Fund	Tourist Park		Total
\$ 6,033	\$ (26,392)		\$ 277,212
1,091	1,620		179,563
-	-		(23,851)
-	-		(3,392)
7	(356)		(5,652)
-	-		270
-	3,283		322
\$ 7,131	\$ (21,845)	\$	\$ 424,472

See accompanying notes to basic financial statements.

City of East Jordan

Charlevoix County, Michigan

Fiduciary Funds

Statement of Net Assets

For the year ended June 30, 2007

Agency Fund Type		
<u>ASSETS</u>		
Cash	\$	183,061
<u>LIABILITIES</u>		
Undistributed collections	\$	183,061

See accompanying notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of City of East Jordan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by City of East Jordan:

A. Reporting Entity

City of East Jordan is governed by an elected seven-member Commission. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The City of East Jordan Downtown Development Authority accounts for property tax and bond proceeds that are earmarked for improvements in a downtown area of the City and repayment of DDA issued bonds. The component unit column in the combined financial statements include the financial data of the City's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing Board of the Downtown Development Authority are appointed by the City Commission. The budgets and expenditures of the Downtown Development Authority must be approved by the City Commission. The City also has the ability to significantly influence operations of the Downtown Development Authority. Complete financial statements of the Downtown Development Authority can be obtained at the City of East Jordan, 201 Main Street, East Jordan, Michigan, 49727.

The City has no blended component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City of East Jordan's property tax is levied on each July 1 on the taxable valuation of property (as defined by State statutes) located in City of East Jordan as of the preceding December 31st.

The 2006 taxable valuation of City of East Jordan totaled \$70,678,426 and the IFT taxable valuation totaled \$1,467,100 on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	17.7953	\$ 1,257,744
Operating IFT	8.8976	13,054
Fire debt	0.4448	31,438
Fire debt IFT	0.2224	326

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for Act 51 money received from the State of Michigan for the maintenance and construction of streets in the City.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

The Tourist Park Fund accounts for the activities of the City owned campground.

The Marina Fund accounts for the activities of the City owned marina.

The Transfer Station Fund accounts for the activities of the City owned solid waste collection facility.

The Ambulance Fund accounts for the activities of the City owned paramedic service.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

Additionally, the government reports the following fund types:

Internal service funds account for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

Trust and agency funds to account for various deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type functions and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include:

- (1) charges to customers or applicants for goods, services or privileges provided;
- (2) operating grants and contributions; and
- (3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Tap fees intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied July 1 and are payable through July 31. All property taxes not paid by July 31 are deemed delinquent.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other infrastructure	10 to 30 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Unused vacation and sick leave are paid to employees upon termination under limits that vary by employee group.

All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data and Reclassifications--Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The City normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before May 1, the City Administrator submits to the City Commission, a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the City Hall to obtain taxpayer comments.

On or before May 15, the budget is adopted by ordinance.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the City Commission.

Budgeted amounts are presented as originally adopted, or as amended by the City Commission before June 30. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the City Commission throughout the operating year.

The City legally adopts budgets for the General Fund, Special Revenue, Debt Service and Capital Project funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the City Commission.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the Special Revenue, Debt Service and Capital Project funds.

The City Treasurer is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the City Commission.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

During the year, the City of East Jordan incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget appropriation	Actual Expenditure
General Fund	\$ -	\$ -
Treasurer	134,901	135,988
Assessor	30,000	31,220
Plan review fee	-	1,055
Street lighting	35,500	43,875

Note 3 - DEPOSITS AND INVESTMENTS

State statutes and the City's investment policy authorize the City to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the City is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The City's deposits are in accordance with statutory authority.

As of June 30, 2007, the City had the following deposits.

Huntington National Bank	\$	1,244,367
Charlevoix State Bank		506,123
Total	\$	1,750,490

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. More than five percent of the City's deposits are in the Huntington National Bank and Charlevoix State Bank. These investments are 71.09% and 28.91%, respectively, of the City's total deposits.

At year end, the City's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Funds	Fiduciary Funds	Total Primary Government
Cash and investments	\$ 458,540	\$ 978,031	\$ 183,061	\$ 1,619,632

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 4 - RECEIVABLES

Receivables as of year-end for the City's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Fire Equipment Fund	Sewer Fund	Water Fund	Ambulance Fund	Total
Taxes receivable	\$ -	\$ -	\$ -	\$ 345	\$ -	\$ -	\$ -	\$ 345
Accounts	10,979	-	-	-	100,814	139,974	186,213	437,980
Intergovernmental	84,457	23,794	8,465	-	-	-	-	116,716
Net Receivables	\$ 95,436	\$ 23,794	\$ 8,465	\$ 345	\$ 100,814	\$ 139,974	\$ 186,213	\$ 555,041

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Customer deposits	\$ -	\$ 3,350

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Assets not being depreciated				
Land	\$ 91,450	\$	\$	\$ 91,450
Capital assets being depreciated:				
Buildings	647,876			647,876
Land improvements	131,945			131,945
Machinery and equipment	1,762,824	17,506	40,673	1,739,657
Infrastructure	4,370,560	8,252		4,378,812
Subtotal	7,004,655	25,758	40,673	6,989,740
Accumulated depreciation:				
Buildings	252,079	16,971		269,050
Land improvements	39,140	10,774		49,914
Machinery and equipment	464,699	89,747	36,593	517,853
Infrastructure	2,097,868	174,987		2,272,855
Subtotal	2,853,786	292,479	36,593	3,109,672
Net capital assets	\$ 4,150,869	\$ (266,721)	\$ 4,080	\$ 3,880,068

Equipment Internal Service Fund	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Capital assets being depreciated:				
Buildings and improvements	\$ 284,743	\$	\$	\$ 284,743
Equipment	971,143	131,335	58,947	1,043,531
Subtotal	1,255,886	131,335	58,947	1,328,274
Accumulated depreciation:				
Buildings and improvements	103,496	10,148		113,644
Equipment	824,740	52,507	58,947	818,300
Subtotal	928,236	62,655	58,947	931,944
Net capital assets	\$ 327,650	\$ 68,680	\$	\$ 396,330

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Business-Type Activities				
Assets not being depreciated				
Land	\$ 355,002	\$	\$	\$ 355,002
Capital assets being depreciated:				
Sewer lagoons	2,144,991			2,144,991
Buildings	183,197			183,197
Mains	4,425,583	243,073		4,668,656
Land improvements	1,497,826	15,900		1,513,726
Machinery and equipment	370,341	79,273	9,895	439,719
Subtotal	8,976,940	338,246	9,895	9,305,291
Accumulated depreciation:				
Sewer lagoons	612,030	42,900		654,930
Buildings	137,629	1,475	2,850	136,254
Mains	1,602,992	85,340	10,082	1,678,250
Land improvements	633,272	31,658		664,930
Machinery and equipment	299,996	31,124	9,496	321,624
Subtotal	3,285,919	192,497	22,428	3,455,988
Net capital assets	\$ 5,691,021	\$ 145,749	\$ (12,533)	\$ 5,849,303

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 6,666
Public safety	71,712
Public works	174,987
Recreation and culture	39,114
Total governmental activities	\$ 292,479
Business-Type activities:	
Sewer Fund	\$ 70,969
Water Fund	57,391
Tourist Park Fund	1,620
Marina Fund	31,285
Solid Waste Transfer Station Fund	1,092
Ambulance Fund	30,140
Total Business-Type activities	\$ 192,497

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivable Fund	Payable Fund	Amount
Major Streets Fund	General Fund	\$ 10
Equipment Fund	General Fund	2,460
Equipment Fund	Tourist Park Fund	76
Equipment Fund	Sewer Fund	1,519
Equipment Fund	Water Fund	1,843
Total		\$ 5,908

Interfund Transfers

Transfers In	Transfers Out								Total
	General Fund	Major Streets Fund	Ambulance Fund	Rehab I & II Fund	Equipment Fund	Sewer Fund	Water Fund	Tourist Park Fund	
General Fund	\$ -	\$ -	\$ 15,000	\$ 5,000	\$ -	\$ -	\$ 30,000	\$ -	\$ 50,000
Local Streets	17,063	-	-	-	-	-	-	-	17,063
1999 MI Transportation Debt	-	36,395	-	-	-	-	-	-	36,395
2001 MI Transportation Debt	-	23,920	-	-	-	-	-	-	23,920
Rehab I & II Fund	1,000	-	-	-	4,000	-	10,000	2,933	17,933
Equipment Fund	-	-	-	-	-	8,000	8,000	-	16,000
2002 Debt	-	-	-	-	-	-	14,318	-	14,318
Tourist Park	-	-	-	-	-	-	-	8,500	8,500
2007 Debt	7,508	-	-	-	-	-	-	-	7,508
Ambulance Fund	-	-	-	21,500	-	-	-	-	21,500
Harbor fund	-	-	-	10,000	-	-	-	-	10,000
TIFA Fund	-	-	-	-	-	17,067	-	-	17,067
Total	\$ 25,571	\$ 60,315	\$ 15,000	\$ 36,500	\$ 4,000	\$ 25,067	\$ 62,318	\$ 11,433	\$ 240,204

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 7 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Contractual agreements and installment purchase agreements are also general obligations of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Total interest expense incurred for the City for the year was \$154,041.

Bond and contractual obligation activity can be summarized as follows:

	Interest rate	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental Activities						
General obligation bonds						
\$345,000 Michigan Transportation Bonds	4.9000 to 5.3500 %	\$ 215,000	\$	\$ 25,000	\$ 190,000	\$ 25,000
\$245,000 Michigan Transportation Bonds	3.4000 to 5.0500 %	195,000		15,000	180,000	15,000
\$125,000 Capital Improvement Bonds	4.9000 to 5.3500 %	95,000		10,000	85,000	10,000
\$175,000 2007 General Obligation Capital Improvement Bonds - for Streets	4.3000 %		175,000	5,000	170,000	5,000
Installment purchase agreements						
\$1,396 Police Vests	3.5000 %	477		477		
\$4,059 Police Pistols	3.5000 %	1,386		1,386		
\$128,530 Sewer Vacuum	5.5300 %	55,000		27,000	28,000	28,000
\$26,282 Hydraulic Lift	3.5000 %	8,976		8,976		
\$39,715 Dump Truck	3.5000 %	13,564		13,564		
\$214,446 Fire Truck	4.4000 %	214,446		18,910	195,536	12,718
\$121,949 Dump Truck	4.4000 %		121,949		121,949	22,721
Compensated absences		95,438		10,109	85,329	
Totals		\$ 894,287	\$ 296,949	\$ 135,422	\$ 1,055,814	\$ 118,439

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

	Interest rate	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Business-Type Activities						
General obligation bonds						
\$320,000 Sewer Capital Improvement Bonds	2.0000 to 3.5500 %	\$ 320,000	\$	\$ 45,000	\$ 275,000	\$ 45,000
\$834,218 Water Bonds	2.5000 %	621,218		38,000	583,218	38,000
\$1,290,000 Water Bonds	2.5000 %	970,000		60,000	910,000	60,000
Installment purchase agreements						
\$77,641 Ambulance	3.9000 %	20,550		20,550		
\$36,031 Cots	4.3800 %	36,031			36,031	8,844
\$216,807 Launch ramp	8.0000 %	216,807		8,677	208,130	9,397
Totals		\$ 2,184,606	\$	\$ 172,227	\$ 2,012,379	\$ 161,241

	Interest rate	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Component Unit Activities						
General obligation bonds						
\$915,000 1997 Series A	5.1000 %	\$ 580,000	\$	\$ 50,000	\$ 530,000	\$ 55,000
\$785,000 1998 Series A	4.6250 %	515,000		50,000	465,000	50,000
\$210,000 2003 Series A	4.6500 %	210,000			210,000	
\$75,000 2003 Series B	5.0000 %	45,000		20,000	25,000	25,000
\$90,000 Bike Path Bonds	4.5000 %	85,000		5,000	80,000	10,000
Totals		\$ 1,435,000	\$	\$ 125,000	\$ 1,310,000	\$ 140,000

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

Annual debt service requirements to maturity for the above obligations are as follows:

June 30,	Governmental Activities		Business Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 95,718	\$ 39,096	\$ 160,718	\$ 62,234	\$ 140,000	\$ 62,926
2009	68,277	34,546	162,021	57,268	140,000	56,108
2010	73,861	31,475	168,753	53,467	145,000	49,380
2011	79,471	28,112	175,072	48,793	150,000	42,416
2012	90,108	24,477	166,927	43,241	155,000	35,156
2013	90,773	20,397	178,000	37,336	165,000	27,662
2014	91,467	15,991	129,163	31,752	170,000	19,708
2015	57,191	11,588	130,421	27,643	175,000	11,476
2016	57,948	8,935	142,002	23,165	20,000	3,255
2017	33,737	6,240	144,260	18,573	25,000	2,325
2018	34,562	4,769	145,859	13,851	25,000	1,162
2019	35,423	3,265	152,590	8,993		
2020	20,000	1,720	154,465	3,868		
2021	20,000	860	2,128	14		
Totals	\$ 848,536	\$ 231,471	\$ 2,012,379	\$ 430,198	\$ 1,310,000	\$ 311,574

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 8 - SEGMENT INFORMATION

Summary financial information for the business funds is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Station Fund	Tourist Park Fund
Assets						
Current assets	\$ 679,049	\$ 417,960	\$ 186,313	\$ 69,123	\$ 20,943	\$ 45,430
Capital assets	2,197,647	2,346,499	89,234	1,152,799	44,129	18,995
Total Assets	2,876,696	2,764,459	275,547	1,221,922	65,072	64,425
Liabilities						
Current liabilities	3,182	4,084	5,892	20,224	190	27,224
Due to other funds	1,519	1,843	-	-	-	76
Noncurrent liabilities	275,000	1,493,218	36,031	208,130	-	-
Total Liabilities	279,701	1,499,145	41,923	228,354	190	27,300
Net Assets						
Invested in capital assets	1,922,647	853,281	53,203	944,669	44,129	18,995
Unrestricted	674,348	412,033	180,421	48,899	20,753	18,130
Total Net Assets	\$ 2,596,995	\$ 1,265,314	\$ 233,624	\$ 993,568	\$ 64,882	\$ 37,125

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Fund	Tourist Park Fund
Charges	\$ 381,791	\$ 533,925	\$ 437,760	\$ 139,707	\$ 51,364	\$ 107,901
Depreciation	70,969	47,308	30,140	28,435	1,091	1,620
Other operating expenses	217,454	257,257	371,356	172,693	44,240	132,673
Operating income	93,368	229,360	36,264	(61,421)	6,033	(26,392)
Nonoperating revenue (expense)						
Investment earnings	21,154	9,235	174	3,407	999	1,464
Interest expense	(9,133)	(39,305)	(702)	(17,031)	-	-
Miscellaneous	2,146	5,353	16,295	294	467	645
Gain (loss) on disposal of capital assets	-	-	-	881	-	1,440
Transfer in	-	-	21,500	10,000	-	8,500
Transfer out	(25,067)	(62,318)	(15,000)	-	-	(11,433)
Capital contributions	-	-	-	7,831	-	-
Total nonoperating revenue and expenses	(10,900)	(87,035)	22,267	5,382	1,466	616
Changes in net assets	82,468	142,325	58,531	(56,039)	7,499	(25,776)
Beginning net assets	2,514,527	1,122,989	175,093	1,049,607	57,383	62,901
Ending net assets	\$ 2,596,995	\$ 1,265,314	\$ 233,624	\$ 993,568	\$ 64,882	\$ 37,125

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund	Ambulance Fund	Harbor Marina Fund	Solid Waste Transfer Station	Tourist Park Fund
Net cash provided by (used in)						
Operating activities	\$ 156,877	\$ 271,138	\$ 50,113	\$ (38,942)	\$ 7,131	\$ (21,845)
Noncapital financing activities	(25,067)	(62,318)	6,500	10,000	-	(2,933)
Capital and related financing activities	(124,277)	(299,265)	(56,687)	(49,242)	(16,313)	(2,066)
Investing activities	21,154	9,235	174	3,407	999	1,464
Net increase (decrease) in cash	28,687	(81,210)	100	(74,777)	(8,183)	(25,380)
Beginning cash and cash equivalents	549,548	359,196	-	130,114	29,126	70,810
Ending cash and cash equivalents	\$ 578,235	\$ 277,986	\$ 100	\$ 55,337	\$ 20,943	\$ 45,430

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Benefit Pension Plan ~

Plan Description--The City of East Jordan participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers some employees of the City of East Jordan. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy--The obligation to contribute to and maintain the system for these employees was established by negotiation with the City of East Jordan's competitive bargaining units and requires a contribution from the employees of 2 percent of gross wages from Public Works employees, 3 percent from Department Heads and General employees and 6 percent of gross wages from Police employees.

Annual Pension Costs --For year ended December 31, 2006, the City of East Jordan's annual pension cost of \$146,315 for the plan exceeded the required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal cost method. Significant actuarial assumptions used include: (i) an 8 percent investment rate of return; (ii) projected salary increases of 4.50 percent per year; and (iii) 0.00 to 8.40 percent per year merit and longevity increases. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of December 31, 2006 follows:

	2004	2005	2006
Annual pension cost	\$ 99,672	\$ 99,673	\$ 146,315
Percentage of APC Contributed	100.00 %	100.00 %	100.00 %
Actuarial value of assets	\$ 2,336,763	\$ 2,483,887	\$ 2,670,595
Actuarial accrued liability	\$ 2,758,820	\$ 2,849,441	\$ 3,224,885
Unfunded AAL	\$ 422,057	\$ 365,554	\$ 554,290
Funded ratio	85 %	87 %	83 %
Covered payroll	\$ 827,890	\$ 864,114	\$ 821,015
UAAL as a percentage of covered payroll	51 %	42 %	68 %

City of East Jordan

Charlevoix County, Michigan

Notes to Basic Financial Statements

For the year ended June 30, 2007

NOTE 10 - RISK MANAGEMENT

The City of East Jordan is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City of East Jordan has participated in the Michigan Municipal Risk Management Authority for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City of East Jordan.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the City itself.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

The City has no post-retirement benefit plans at this time other than its pension plan.

REQUIRED SUPPLEMENTAL INFORMATION

MAJOR GOVERNMENTAL FUNDS

City of East Jordan

Charlevoix County, Michigan

General Fund

Balance Sheet

For the year ended June 30, 2007

	2007	2006
ASSETS		
Cash	\$ 127,359	\$ 131,059
Taxes receivable	-	6,721
Accounts receivable	10,979	9,455
Due from other funds	-	16,280
Due from other units of government	84,457	88,254
Inventory	8,057	4,130
TOTAL ASSETS	\$ 230,852	\$ 255,899
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 1,752	\$ 901
Accrued wages payable	6,889	8,106
Payroll deductions payable	29	3,102
Due to other funds	2,470	4,901
Deferred revenue	3,350	2,750
TOTAL LIABILITIES	14,490	19,760
FUND EQUITY		
Fund balance	216,362	236,139
TOTAL LIABILITIES AND FUND BALANCES	\$ 230,852	\$ 255,899

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2007

	Original budget	Final budget	Actual	Variance with final budget	2006
REVENUES					
Property Taxes					
Current real property taxes	\$ 1,058,027	\$ 1,083,830	\$ 1,053,168	\$ (30,662)	\$ 1,031,509
Industrial facility tax	-	-	8,254	8,254	-
Delinquent personal property taxes	4,000	7,260	7,260	-	1,654
Penalties and interest on taxes	9,500	11,466	11,467	1	9,788
Property tax administration fee	16,600	16,600	16,142	(458)	16,388
Payment in lieu of taxes	1,580	1,580	1,322	(258)	1,581
Trailer tax	400	400	380	(20)	321
Total Property Taxes	1,090,107	1,121,136	1,097,993	(23,143)	1,061,241
State Grants					
State revenue sharing	279,800	279,800	265,944	(13,856)	274,107
Other state grants	297,000	297,000	2,511	(294,489)	2,765
Total State Grants	576,800	576,800	268,455	(308,345)	276,872
Licenses and Permits					
Business licenses and permits	4,200	12,000	13,275	1,275	5,135
Fines and Forfeitures					
Fines and forfeitures	400	400	340	(60)	535
Charges for Services					
Fees	4,490	4,490	3,624	(866)	7,547
Services rendered	58,765	60,895	56,192	(4,703)	56,031
Total Charges for Services	63,255	65,385	59,816	(5,569)	63,578
Interest and Rentals					
Interest and dividends	15,000	20,000	21,604	1,604	20,946
Rent	3,512	3,512	6,537	3,025	5,212
Total Interest and Rentals	18,512	23,512	28,141	4,629	26,158
Other Revenue					
Contributions and donations	10,000	10,035	13,535	3,500	162,035
Refunds	7,000	7,000	4,475	(2,525)	5,775
Special assessments	-	-	-	-	2,283
Sale of fixed assets	100	100	-	(100)	100
Reimbursements	14,050	14,050	10,536	(3,514)	8,488
Other	6,950	9,644	5,115	(4,529)	3,186
Total Other Revenue	38,100	40,829	33,661	(7,168)	181,867
TOTAL REVENUES	1,791,374	1,840,062	1,501,681	(338,381)	1,615,386

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2007

	Original budget	Final budget	Actual	Variance with final budget	2006
EXPENDITURES					
General government					
City Commission	\$ 32,670	\$ 31,863	\$ 29,827	\$ 2,036	\$ 32,348
Administrator	78,339	85,989	83,672	2,317	73,900
Clerk	112,341	110,341	106,924	3,417	100,803
Board of review	1,195	1,195	832	363	833
Attorney	29,710	34,914	34,001	913	28,102
Treasurer	118,001	134,901	135,988	(1,087)	105,192
Assessor	30,000	30,000	31,220	(1,220)	31,540
Elections	8,600	8,600	3,232	5,368	1,487
Data processing	21,150	22,073	19,731	2,342	17,460
Building and grounds	102,310	122,310	106,169	16,141	90,016
Cemetery	56,937	56,937	34,329	22,608	58,258
Total General government	591,253	639,123	585,925	53,198	539,939
Public safety					
Police	484,295	503,596	488,438	15,158	500,212
Fire department	94,217	97,711	94,426	3,285	306,155
Plan review fee	-	-	1,055	(1,055)	860
Total Public safety	578,512	601,307	583,919	17,388	807,227
Public works					
Department of public works	507,580	556,580	169,853	386,727	103,762
Airport	26,957	26,957	17,431	9,526	20,629
Sidewalks	9,574	17,450	15,336	2,114	10,582
Street lighting	35,500	35,500	43,875	(8,375)	36,652
Total Public works	579,611	636,487	246,495	389,992	171,625
Community and economic development					
Redevelopment and housing	250	250	-	250	-
Zoning	10,216	10,216	9,392	824	5,172
Total Community and economic development	10,466	10,466	9,392	1,074	5,172
Recreation and culture					
Parks and recreation	301,984	301,984	90,626	211,358	307,729
Elm Pointe	24,480	24,480	17,234	7,246	21,549
Civic Center	14,483	14,483	12,296	2,187	13,276
Total Recreation and culture	340,947	340,947	120,156	220,791	342,554

City of East Jordan

Charlevoix County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended June 30, 2007

	Original budget	Final budget	Actual	Variance with final budget	2006
TOTAL EXPENDITURES	\$ 2,100,789	\$ 2,228,330	\$ 1,545,887	\$ 682,443	\$ 1,866,517
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(309,415)	(388,268)	(44,206)	344,062	(251,131)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	47,000	72,000	50,000	(22,000)	22,840
Bond or note issuance	202,000	251,000	-	(251,000)	266,895
Transfers out	(47,734)	(47,734)	(25,571)	22,163	(23,700)
TOTAL OTHER FINANCING SOURCES (USES)	201,266	275,266	24,429	(250,837)	266,035
NET CHANGE IN FUND BALANCES	(108,149)	(113,002)	(19,777)	93,225	14,904
Fund balance at beginning of year	236,139	236,139	236,139	-	221,235
Fund balance at end of year	\$ 127,990	\$ 123,137	\$ 216,362	\$ 93,225	\$ 236,139

City of East Jordan
Charlevoix County, Michigan
Major Street Fund
Balance Sheet
June 30, 2007

	2007	2006
<u>ASSETS</u>		
Cash	\$ 58,472	\$ 91,365
Due from other funds	10	10
Due from other units of government	23,794	24,479
TOTAL ASSETS	\$ 82,276	\$ 115,854
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Due to other funds	\$ -	\$ 42,995
Payroll deductions payable	242	-
TOTAL LIABILITIES	242	42,995
<u>FUND EQUITY</u>		
Fund balance	82,034	72,859
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,276	\$ 115,854

City of East Jordan
Charlevoix County, Michigan
Major Street Fund
Budgetary Comparison Schedule

For the year ended June 30, 2007 with comparative actual amounts for 2006

	Original budget	Original and final budget	Actual	Variance with final budget	2006
<u>REVENUE</u>					
Michigan transportation fund	\$ 146,998	\$ 146,998	\$ 146,277	\$ (721)	\$ 148,251
Winter maintenance	8,000	8,000	-	(8,000)	17,813
Other state grants	9,600	9,600	9,095	(505)	18,744
Interest and dividends	100	3,500	3,559	59	681
Other	50	188	624	436	7,842
TOTAL REVENUE	164,748	168,286	159,555	(8,731)	193,331
<u>EXPENDITURES</u>					
Street construction	10,872	10,872	-	10,872	662
Street preservation	35,784	39,322	46,004	(6,682)	22,573
Traffic services	5,404	5,404	1,409	3,995	819
Winter maintenance	28,980	28,980	24,866	4,114	24,472
Administrative, engineering and record keeping	3,400	3,400	3,400	-	2,513
Storm drain	4,862	4,862	1,663	3,199	1,693
Tree trimming	21,750	21,750	12,723	9,027	11,149
TOTAL EXPENDITURES	111,052	114,590	90,065	24,525	63,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	53,696	53,696	69,490	15,794	129,450
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	30,671	30,671	-	(30,671)	22,700
Transfers out	(61,766)	(61,766)	(60,315)	1,451	(56,690)
NET CHANGE IN FUND BALANCES	22,601	22,601	9,175	(13,426)	95,460
Fund balance Fund balance beginning of year	72,859	72,859	72,859	-	(22,601)
Fund balance end of year	\$ 95,460	\$ 95,460	\$ 82,034	\$ (13,426)	\$ 72,859

MAJOR BUSINESS-TYPE FUNDS

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 578,235	\$ 549,548
Accounts receivable	100,814	92,407
Due from other funds	-	9,320
Total Current assets	679,049	651,275
Noncurrent assets		
Capital assets		
Land	21,626	21,626
Improvements other than buildings	3,761,698	3,685,938
Machinery and equipment	15,527	9,677
Less accumulated depreciation	(1,601,204)	(1,530,235)
Total Capital assets	2,197,647	2,187,006
TOTAL ASSETS	\$ 2,876,696	\$ 2,838,281
LIABILITIES		
Current liabilities		
Due to other funds	\$ 1,519	\$ 1,763
Accrued wages payable	3,182	1,991
Total Current liabilities	4,701	3,754
Noncurrent liabilities		
Bonds payable	275,000	320,000
TOTAL LIABILITIES	279,701	323,754
NET ASSETS		
Invested in capital assets, net of related debt	1,922,647	1,867,006
Unrestricted	674,348	647,521
TOTAL NET ASSETS	2,596,995	2,514,527
TOTAL LIABILITIES AND NET ASSETS	\$ 2,876,696	\$ 2,838,281

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Services rendered	\$ 368,270	\$ 329,583
Fees	13,521	10,031
TOTAL OPERATING REVENUE	381,791	339,614
<u>OPERATING EXPENSES</u>		
Salaries and wages	68,486	64,108
Payroll taxes	5,209	4,969
Hospitalization insurance	22,139	16,917
Retirement contribution	6,126	4,786
Workers compensation insurance	1,551	1,381
Supplies	1,811	3,499
Contractual services	12,830	24,969
Education	168	-
Insurance	1,951	1,993
Utilities	25,553	22,307
Repairs and maintenance	22,247	16,471
Rent	43,485	31,328
Depreciation	70,969	70,825
Capital outlay	1,310	2,969
Fees	225	566
Other	4,363	4,233
TOTAL OPERATING EXPENSES	288,423	271,321
OPERATING INCOME	93,368	68,293
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	21,154	15,596
Other	2,146	2,981
Interest expense	(9,133)	(9,133)
TOTAL NONOPERATING REVENUES (EXPENSES)	14,167	9,444
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	107,535	77,737
Transfers out	(25,067)	(8,000)
CHANGE IN NET ASSETS	82,468	69,737
NET ASSETS - BEGINNING OF YEAR	2,514,527	2,444,790
NET ASSETS - END OF YEAR	\$ 2,596,995	\$ 2,514,527

City of East Jordan

Charlevoix County, Michigan

Sewer Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 373,384	\$ 329,774
Payments to suppliers	(144,003)	(137,442)
Payments to employees	(72,504)	(64,954)
Net cash provided (used) by operating activities	156,877	127,378
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(25,067)	(8,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(81,610)	-
Principal and interest paid on capital debt	(54,133)	(9,133)
Other receipts (payments)	2,146	2,981
Change in due from other funds	9,320	-
Net cash provided (used) by capital and related financing activities	(124,277)	(6,152)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	21,154	15,596
Net cash provided by investing activities	21,154	15,596
Net increase (decrease) in cash and cash equivalents	28,687	128,822
Balances - beginning of year	549,548	420,726
Balances - end of year	\$ 578,235	\$ 549,548
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 93,368	\$ 68,293
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	70,969	70,825
Change in net assets and liabilities		
Receivables - net	(8,407)	(9,839)
Accounts and other payables	947	(1,901)
Net cash provided by operating activities	\$ 156,877	\$ 127,378

City of East Jordan

Charlevoix County, Michigan

Water Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 277,986	\$ 359,196
Accounts receivable	139,974	142,227
Total Current assets	417,960	501,423
Noncurrent assets		
Capital assets		
Land	36,322	36,322
Improvements other than buildings	3,051,949	2,884,636
Less accumulated depreciation	(741,772)	(694,464)
Total Capital assets	2,346,499	2,226,494
TOTAL ASSETS	\$ 2,764,459	\$ 2,727,917
LIABILITIES		
Current liabilities		
Due to other funds	\$ 1,843	\$ 8,852
Customers deposits payable	1,555	1,285
Accrued wages payable	2,529	3,573
Total Current liabilities	5,927	13,710
Noncurrent liabilities		
Bonds payable	1,493,218	1,591,218
TOTAL LIABILITIES	1,499,145	1,604,928
NET ASSETS		
Invested in capital assets, net of related debt	853,281	635,276
Unrestricted	412,033	487,713
TOTAL NET ASSETS	1,265,314	1,122,989
TOTAL LIABILITIES AND NET ASSETS	\$ 2,764,459	\$ 2,727,917

City of East Jordan

Charlevoix County, Michigan

Water Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Fees	\$ 13,962	\$ 15,317
Services rendered	519,963	523,088
TOTAL OPERATING REVENUE	533,925	538,405
<u>OPERATING EXPENSES</u>		
Salaries and wages	68,402	68,669
Payroll taxes	5,405	5,291
Hospitalization insurance	24,121	16,689
Retirement contribution	7,031	4,865
Workers compensation insurance	2,059	1,659
Supplies	8,677	7,280
Contractual services	36,532	40,879
Insurance	3,322	3,478
Utilities	21,643	20,292
Repairs and maintenance	30,465	25,014
Rent	47,239	40,142
Depreciation	47,308	55,766
Fees	1,685	1,486
Other	676	642
TOTAL OPERATING EXPENSES	304,565	292,152
OPERATING INCOME	229,360	246,253
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	9,235	7,944
Other	5,353	2,936
Interest expense	(39,305)	(41,630)
Loss on disposal of capital assets	-	(7,733)
TOTAL NONOPERATING REVENUES (EXPENSES)	(24,717)	(38,483)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	204,643	207,770
Other state grants	-	9,075
Transfers out	(62,318)	(37,898)
CHANGE IN NET ASSETS	142,325	178,947
NET ASSETS - BEGINNING OF YEAR	1,122,989	944,042
NET ASSETS - END OF YEAR	\$ 1,265,314	\$ 1,122,989

City of East Jordan

Charlevoix County, Michigan

Water Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 536,178	\$ 532,536
Payments to suppliers	(190,459)	(167,717)
Payments to employees	(74,851)	(69,164)
Customer deposits	270	246
Due from other funds	-	4,784
Net cash provided (used) by operating activities	271,138	300,685
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(62,318)	(37,898)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital contributions	-	9,075
Purchase of capital assets	(167,313)	-
Principal and interest paid on capital debt	(137,305)	(134,630)
Other receipts (payments)	5,353	2,936
Net cash provided (used) by capital and related financing activities	(299,265)	(122,619)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	9,235	7,944
Net cash provided by investing activities	9,235	7,944
Net increase (decrease) in cash and cash equivalents	(81,210)	148,112
Balances - beginning of year	359,196	211,084
Balances - end of year	\$ 277,986	\$ 359,196
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 229,360	\$ 246,253
Adjustments to reconcile Operating income to net cash		
Provided (used) by operating activities		
Depreciation	47,308	55,766
Change in net assets and liabilities		
Receivables - net	2,253	(5,869)
Accounts and other payables	(8,053)	(495)
Payment of amounts due to other funds	-	4,784
Customer deposits	270	246
Net cash provided by operating activities	\$ 271,138	\$ 300,685

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 100	\$ -
Accounts receivable	186,213	168,516
Total Current assets	186,313	168,516
Capital assets		
Machinery and equipment	378,478	329,442
Less accumulated depreciation	(289,244)	(261,799)
Total Capital assets	89,234	67,643
TOTAL ASSETS	\$ 275,547	\$ 236,159
LIABILITIES		
Current liabilities		
Accounts payable	\$ 1,961	\$ 487
Due to other funds	-	56
Payroll deductions payable	3,931	3,943
Total Current liabilities	5,892	4,486
Noncurrent liabilities		
Installment purchase agreement	36,031	56,580
TOTAL LIABILITIES	41,923	61,066
NET ASSETS		
Invested in capital assets, net of related debt	53,203	11,063
Unrestricted	180,421	164,030
TOTAL NET ASSETS	233,624	175,093
TOTAL LIABILITIES AND NET ASSETS	\$ 275,547	\$ 236,159

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Services rendered	\$ 437,760	\$ 373,889
TOTAL OPERATING REVENUE	437,760	373,889
<u>OPERATING EXPENSES</u>		
Salaries and wages	201,519	173,397
Payroll taxes	15,418	13,659
Hospitalization insurance	44,065	41,927
Retirement contribution	12,192	8,585
Workers compensation insurance	5,215	4,132
Supplies	32,951	27,009
Contractual services	16,892	8,910
Education	9,625	5,982
Insurance	5,010	5,361
Utilities	7,014	9,686
Repairs and maintenance	12,228	9,162
Rent	1,462	504
Depreciation	30,140	44,011
Capital outlay	4,869	4,624
Fees	1,465	597
Other	1,431	1,245
TOTAL OPERATING EXPENSES	401,496	358,791
OPERATING INCOME	36,264	15,098
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	174	18
Sale of fixed assets	1,500	-
Reimbursements	17	44
Other	14,778	671
Interest expense	(702)	(2,680)
TOTAL NONOPERATING REVENUES (EXPENSES)	15,767	(1,947)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	52,031	13,151
Transfers in	21,500	-
Transfers out	(15,000)	(15,000)
CHANGE IN NET ASSETS	58,531	(1,849)
NET ASSETS - BEGINNING OF YEAR	175,093	176,942
NET ASSETS - END OF YEAR	\$ 233,624	\$ 175,093

City of East Jordan

Charlevoix County, Michigan

Ambulance Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 420,063	\$ 351,091
Payments to suppliers	(153,000)	(140,867)
Payments to employees	(216,950)	(178,548)
Net cash provided (used) by operating activities	50,113	31,676
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	6,500	(15,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from capital debt	-	36,031
Capital contributions	-	(36,031)
Purchase of capital assets	(51,731)	-
Principal and interest paid on capital debt	(21,251)	(46,449)
Other receipts (payments)	16,295	715
Net cash provided (used) by capital and related financing activities	(56,687)	(45,734)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	174	18
Net cash provided by investing activities	174	18
Net increase (decrease) in cash and cash equivalents	100	(29,040)
Balances - beginning of year	-	29,040
Balances - end of year	\$ 100	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 36,264	\$ 15,098
Provided (used) by operating activities		
Depreciation	30,140	44,011
Change in net assets and liabilities		
Receivables - net	(17,697)	(22,798)
Accounts and other payables	1,406	(4,635)
Net cash provided by operating activities	\$ 50,113	\$ 31,676

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 55,337	\$ 130,114
Inventory	13,786	10,394
Total Current assets	69,123	140,508
Noncurrent assets		
Capital assets		
Land	289,285	289,285
Improvements other than buildings	1,409,967	1,394,067
Machinery and equipment	36,100	19,510
Less accumulated depreciation	(582,553)	(554,168)
Total Capital assets	1,152,799	1,148,694
TOTAL ASSETS	\$ 1,221,922	\$ 1,289,202
LIABILITIES		
Current liabilities		
Accrued wages payable	\$ 1,861	\$ 1,317
Due to other funds	-	147
Deferred revenue	18,363	21,324
Total Current liabilities	20,224	22,788
Noncurrent liabilities		
Notes payable	208,130	216,807
TOTAL LIABILITIES	228,354	239,595
NET ASSETS		
Invested in capital assets, net of related debt	944,669	892,680
Unrestricted	48,899	156,927
TOTAL NET ASSETS	993,568	1,049,607
TOTAL LIABILITIES AND NET ASSETS	\$ 1,221,922	\$ 1,289,202

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Services rendered	\$ 639	\$ 982
Sales	74,791	80,498
Rent	64,277	63,211
TOTAL OPERATING REVENUE	139,707	144,691
<u>OPERATING EXPENSES</u>		
Salaries and wages	48,743	45,140
Payroll taxes	3,687	3,775
Hospitalization insurance	8,021	8,457
Retirement contribution	2,848	2,126
Workers compensation insurance	1,705	1,487
Supplies	59,224	82,544
Contractual services	8,018	3,386
Education	1,156	1,370
Insurance	3,556	3,068
Utilities	13,552	13,270
Repairs and maintenance	12,542	10,717
Rent	271	1,373
Depreciation	28,435	33,270
Capital outlay	3,907	3,272
Fees	2,421	2,389
Other	3,042	15,561
TOTAL OPERATING EXPENSES	201,128	231,205
OPERATING INCOME	(61,421)	(86,514)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	3,407	4,064
Gain on sale of depreciable assets	881	532
Other	294	1,567
Interest expense	(17,031)	(14,819)
TOTAL NONOPERATING REVENUES (EXPENSES)	(12,449)	(8,656)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(73,870)	(95,170)
Capital contributions	-	25,767
State grant	7,831	76
Transfers in	10,000	2,000
CHANGE IN NET ASSETS	(56,039)	(67,327)
NET ASSETS - BEGINNING OF YEAR	1,049,607	1,116,934
NET ASSETS - END OF YEAR	\$ 993,568	\$ 1,049,607

City of East Jordan

Charlevoix County, Michigan

Harbor Marina Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 136,746	\$ 138,767
Payments to suppliers	(123,802)	(169,783)
Payments to employees	(51,886)	(49,348)
Net cash provided (used) by operating activities	(38,942)	(80,364)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	10,000	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from capital debt	-	216,807
Capital contributions	7,831	25,843
Purchase of capital assets	(32,540)	(289,137)
Principal and interest paid on capital debt	(25,708)	-
Other receipts (payments)	1,175	4,099
Net cash provided (used) by capital and related financing activities	(49,242)	(42,388)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	3,407	4,064
Net cash provided by investing activities	3,407	4,064
Net increase (decrease) in cash and cash equivalents	(74,777)	(118,688)
Balances - beginning of year	130,114	248,802
Balances - end of year	\$ 55,337	\$ 130,114
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ (61,421)	\$ (101,333)
Provided (used) by operating activities		
Depreciation	28,435	33,270
Change in net assets and liabilities		
Inventories	(3,392)	(2,169)
Accounts and other payables	397	(4,208)
Recognition of deferred revenue	(2,961)	(5,924)
Net cash provided by operating activities	\$ (38,942)	\$ (80,364)

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 20,943	\$ 29,126
Total Current assets	20,943	29,126
Noncurrent assets		
Capital assets		
Improvements other than buildings	55,037	54,537
Less accumulated depreciation	(10,908)	(9,817)
Total Capital assets	44,129	44,720
TOTAL ASSETS	\$ 65,072	\$ 73,846
LIABILITIES		
Current liabilities		
Due to other funds	\$ -	\$ 16,280
Accrued wages payable	190	183
Total Current liabilities	190	16,463
NET ASSETS		
Invested in capital assets, net of related debt	44,129	44,720
Unrestricted	20,753	12,663
TOTAL NET ASSETS	64,882	57,383
TOTAL LIABILITIES AND NET ASSETS	\$ 65,072	\$ 73,846

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Fees	\$ 50,854	\$ 47,708
Sales	510	815
TOTAL OPERATING REVENUE	51,364	48,523
<u>OPERATING EXPENSES</u>		
Salaries and wages	10,435	8,859
Payroll taxes	798	695
Hospitalization insurance	924	310
Retirement contribution	232	109
Workers compensation insurance	417	360
Supplies	413	265
Contractual services	24,784	20,543
Utilities	916	791
Repairs and maintenance	1,588	5,335
Rent	3,733	2,657
Depreciation	1,091	1,091
TOTAL OPERATING EXPENSES	45,331	41,015
OPERATING INCOME	6,033	7,508
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	999	711
Other	467	112
TOTAL NONOPERATING REVENUES (EXPENSES)	1,466	823
CHANGE IN NET ASSETS	7,499	8,331
NET ASSETS - BEGINNING OF YEAR	57,383	49,052
NET ASSETS - END OF YEAR	\$ 64,882	\$ 57,383

City of East Jordan

Charlevoix County, Michigan

Solid Waste Transfer Station Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 51,364	\$ 48,523
Payments to suppliers	(33,007)	(31,069)
Payments to employees	(11,226)	(9,077)
Net cash provided (used) by operating activities	7,131	8,377
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(500)	-
Other receipts (payments)	467	112
Due from other funds	(16,280)	-
Net cash provided (used) by capital and related financing activities	(16,313)	112
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	999	711
Net cash provided by investing activities	999	711
Net increase (decrease) in cash and cash equivalents	(8,183)	9,200
Balances - beginning of year	29,126	19,926
Balances - end of year	\$ 20,943	\$ 29,126
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 6,033	\$ 7,508
Provided (used) by operating activities		
Depreciation	1,091	1,091
Accounts and other payables	7	(222)
Net cash provided by operating activities	\$ 7,131	\$ 8,377

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 45,430	\$ 70,810
Total Current assets	45,430	70,810
Noncurrent assets		
Capital assets		
Land	7,769	7,769
Improvements other than buildings	103,759	103,759
Machinery and equipment	9,113	11,712
Buildings	128,660	128,660
Less accumulated depreciation	(230,306)	(235,436)
Total Capital assets	18,995	16,464
TOTAL ASSETS	\$ 64,425	\$ 87,274
LIABILITIES		
Current liabilities		
Due to other funds	\$ 76	\$ 326
Payroll deductions payable	1,676	1,632
Deferred revenue	25,198	21,915
Customers deposits payable	350	500
Total Current liabilities	27,300	24,373
NET ASSETS		
Invested in capital assets, net of related debt	18,995	16,464
Unrestricted	18,130	46,437
TOTAL NET ASSETS	37,125	62,901
TOTAL LIABILITIES AND NET ASSETS	\$ 64,425	\$ 87,274

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Fees	\$ 104,946	\$ 101,574
Sales	2,955	2,957
TOTAL OPERATING REVENUE	107,901	104,531
<u>OPERATING EXPENSES</u>		
Salaries and wages	50,302	43,253
Payroll taxes	3,845	3,592
Hospitalization insurance	4,545	3,780
Retirement contribution	1,316	1,116
Workers compensation insurance	291	229
Supplies	8,128	6,366
Contractual services	1,764	2,074
Education	825	539
Insurance	626	654
Utilities	47,454	25,619
Repairs and maintenance	5,137	3,434
Rent	1,045	1,518
Depreciation	1,620	2,382
Capital outlay	5,274	2,292
Other	2,121	2,019
TOTAL OPERATING EXPENSES	134,293	98,867
OPERATING INCOME	(26,392)	5,664
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	1,464	1,513
Other	645	1,029
Sale of fixed assets	1,440	-
TOTAL NONOPERATING REVENUES (EXPENSES)	3,549	2,542
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(22,843)	8,206
Transfers in	8,500	-
Transfers out	(11,433)	(11,433)
CHANGE IN NET ASSETS	(25,776)	(3,227)
NET ASSETS - BEGINNING OF YEAR	62,901	66,128
NET ASSETS - END OF YEAR	\$ 37,125	\$ 62,901

City of East Jordan

Charlevoix County, Michigan

Tourist Park Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 111,034	\$ 100,939
Payments to suppliers	(78,776)	(53,585)
Payments to employees	(54,103)	(46,951)
Net cash provided (used) by operating activities	(21,845)	403
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	(2,933)	(11,433)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(4,351)	-
Other receipts (payments)	2,085	1,029
Gain on sale of assets	200	-
Net cash provided (used) by capital and related financing activities	(2,066)	1,029
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	1,464	1,513
Net cash provided by investing activities	1,464	1,513
Net increase (decrease) in cash and cash equivalents	(25,380)	(8,488)
Balances - beginning of year	70,810	79,298
Balances - end of year	\$ 45,430	\$ 70,810
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ (26,392)	\$ 5,664
Depreciation	1,620	2,382
Accounts and other payables	(356)	(4,051)
Recognition of deferred revenue	3,283	(3,592)
Net cash provided by operating activities	\$ (21,845)	\$ 403

OTHER SUPPLEMENTAL INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

City of East Jordan

Charlevoix County, Michigan

Nonmajor Governmental Funds

June 30, 2007

Special Revenue Funds

Local Streets Fund

Fire Equipment Fund

Rehabilitation Fund

Debt Service Funds

2002 Capital Improvement Debt Fund

1999 Michigan Transportation Debt Fund

2001 Michigan Transportation Debt Fund

2007 Capital Improvement Debt Fund

Capital Project Funds

Bandshell Construction Fund

Industrial Complex Construction Fund

2007 Construction Fund

Fire/EMS Building Construction Fund

City of East Jordan

Charlevoix County, Michigan

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2007

	Special Revenue Fund		
	Local Streets Fund	Fire Equipment Fund	Rehabilitation Fund
ASSETS			
Cash and cash equivalents	\$ 10,893	\$ 51,356	\$ 66,270
Taxes receivable	-	345	-
Due from other units of government	8,465	-	-
TOTAL ASSETS	\$ 19,358	\$ 51,701	\$ 66,270
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Payroll deductions payable	\$ 161	-	\$ -
Deposits	-	-	-
TOTAL LIABILITIES	161	-	-
FUND EQUITY			
Restricted for			
Debt service	-	-	-
Capital outlay	-	51,701	-
Streets and highways	19,197	-	-
Unrestricted	-	-	66,270
TOTAL FUND BALANCES	19,197	51,701	66,270
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,358	\$ 51,701	\$ 66,270

Debt Service Funds					Capital Projects Fund				
2002 Debt	1999 Michigan Transportation	2001 Michigan Transportation	2007 Debt	Bandshell	Industrial Complex	2007	Fire/EMS Building	Total	
\$ 102	\$ 104	\$ 90	\$ 1,737	\$ 6,607	\$ 185	\$ 15,209	\$ 1	152,554	
-	-	-	-	-	-	-	-	345	
-	-	-	-	-	-	-	-	8,465	
\$ 102	\$ 104	\$ 90	\$ 1,737	\$ 6,607	\$ 185	\$ 15,209	\$ 1	161,364	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	161	
-	-	-	-	200	-	-	-	200	
-	-	-	-	200	-	-	-	361	
102	104	90	1,737	-	-	-	-	2,033	
-	-	-	-	6,407	185	15,209	1	73,503	
-	-	-	-	-	-	-	-	19,197	
-	-	-	-	-	-	-	-	66,270	
102	104	90	1,737	6,407	185	15,209	1	161,003	
\$ 102	\$ 104	\$ 90	\$ 1,737	\$ 6,607	\$ 185	\$ 15,209	\$ 1	161,364	

City of East Jordan

Charlevoix County, Michigan

Nonmajor Governmental Funds

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2007

	Special Revenue Fund		
	Local Streets Fund	Fire Equipment Fund	Rehabilitation Fund
REVENUE			
Property taxes			
Current real property taxes	\$ -	\$ 26,732	\$ -
Penalties and interest on taxes	-	322	-
Total Property taxes	-	27,054	-
State grants			
Michigan transportation fund	62,761	-	-
Interest and rentals			
Interest	168	1,865	1,776
Other revenue			
Other	188	-	-
Contributions and donations	-	-	-
Total Other revenue	188	-	-
TOTAL REVENUE	63,117	28,919	1,776
EXPENDITURES			
Current			
Public Safety	-	21,320	-
Streets	60,990	-	-
Debt Service	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	60,990	21,320	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,127	7,599	1,776
OTHER FINANCING SOURCES (USES)			
Transfers in	17,063	-	17,933
Bond or note issuance	-	-	-
Transfer out	-	-	(36,500)
TOTAL OTHER FINANCING SOURCES (USES)	17,063	-	(18,567)
NET CHANGE IN FUND BALANCES	19,190	7,599	(16,791)
FUND BALANCES, BEGINNING OF YEAR	7	44,102	83,061
FUND BALANCES, END OF YEAR	\$ 19,197	\$ 51,701	\$ 66,270

Debt Service Funds				Capital Projects Fund				Total
2002 Debt	1999 Michigan Transportation	2001 Michigan Transportation	2007 Debt	Bandshell	Industrial Complex	2007	Fire/EMS Building	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,732
-	-	-	-	-	-	-	-	322
-	-	-	-	-	-	-	-	27,054
-	-	-	-	-	-	-	-	62,761
-	-	-	-	81	5	-	-	3,895
-	-	-	1,750	-	-	-	-	1,938
-	-	-	-	6,355	-	-	1	6,356
-	-	-	1,750	6,355	-	-	1	8,294
-	-	-	1,750	6,436	5	-	1	102,004
-	-	-	-	-	-	-	-	21,320
-	-	-	-	-	-	-	-	60,990
14,318	36,395	23,920	7,521	-	-	-	-	82,154
-	-	-	-	3,635	-	158,041	-	161,676
14,318	36,395	23,920	7,521	3,635	-	158,041	-	326,140
(14,318)	(36,395)	(23,920)	(5,771)	2,801	5	(158,041)	1	(224,136)
14,318	36,395	23,920	7,508	-	-	-	-	117,137
-	-	-	-	-	-	173,250	-	173,250
-	-	-	-	-	-	-	-	(36,500)
14,318	36,395	23,920	7,508	-	-	173,250	-	253,887
-	-	-	1,737	2,801	5	15,209	1	29,751
102	104	90	-	3,606	180	-	-	131,252
\$ 102	\$ 104	\$ 90	\$ 1,737	\$ 6,407	\$ 185	\$ 15,209	\$ 1	\$ 161,003

EQUIPMENT INTERNAL SERVICE FUND

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Balance Sheet

June 30, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 120,155	\$ 33,518
Due from other funds	5,898	10,877
Total Current assets	126,053	44,395
Noncurrent assets		
Capital assets		
Improvements other than buildings	284,743	284,743
Machinery and equipment	1,043,531	971,143
Less accumulated depreciation	(931,944)	(928,236)
Total Capital assets	396,330	327,650
TOTAL ASSETS	\$ 522,383	\$ 372,045
LIABILITIES		
Current liabilities		
Payroll deductions payable	\$ 2,117	\$ 726
Noncurrent liabilities		
Installment purchase agreement	149,949	77,540
Advances from other funds	-	-
Total Noncurrent liabilities	149,949	77,540
TOTAL LIABILITIES	152,066	78,266
NET ASSETS		
	246,381	250,110
	123,936	43,669
TOTAL NET ASSETS	370,317	293,779
TOTAL LIABILITIES AND NET ASSETS	\$ 522,383	\$ 372,045

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2007 with comparative actual amounts for 2006

	2007	2006
<u>OPERATING REVENUE</u>		
Rent	\$ 287,473	\$ 248,941
Services rendered	14,820	9,657
TOTAL OPERATING REVENUE	302,293	258,598
<u>OPERATING EXPENSES</u>		
Salaries and wages	56,624	67,337
Payroll taxes	4,072	5,646
Hospitalization insurance	18,979	17,979
Retirement contribution	5,368	4,995
Workers compensation insurance	2,467	2,113
Supplies	44,884	42,954
Contractual services	851	1,784
Education	620	29
Insurance	12,231	14,755
Utilities	11,889	11,145
Repairs and maintenance	16,463	30,940
Depreciation	62,656	78,405
Capital outlay	5,871	3,188
Fees	81	148
Other	671	907
TOTAL OPERATING EXPENSES	243,727	282,325
OPERATING INCOME	58,566	(23,727)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and dividends	960	80
Sale of fixed assets	6,386	262
Other	1,668	595
Interest expense	(3,042)	(8,354)
TOTAL NONOPERATING REVENUES (EXPENSES)	5,972	(7,417)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	64,538	(31,144)
Transfers in	16,000	28,000
Transfers out	(4,000)	-
CHANGE IN NET ASSETS	76,538	(3,144)
NET ASSETS - BEGINNING OF YEAR	293,779	296,923
NET ASSETS - END OF YEAR	\$ 370,317	\$ 293,779

City of East Jordan

Charlevoix County, Michigan

Equipment Fund

Statement of Cash Flows

For the year ended June 30, 2007

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 307,272	\$ 261,746
Payments to suppliers	(120,375)	(136,583)
Payments to employees	(59,305)	(68,631)
Net cash provided (used) by operating activities	127,592	56,532
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Operating subsidies and transfers to other funds	12,000	28,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from capital debt	121,949	-
Purchase of capital assets	(131,335)	(9,850)
Principal and interest paid on capital debt	(52,583)	(56,131)
Other receipts (payments)	8,054	857
Reduction of advance from other fund	-	(6,300)
Net cash provided (used) by capital and related financing activities	(53,915)	(71,424)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	960	80
Net cash provided by investing activities	960	80
Net increase (decrease) in cash and cash equivalents	86,637	13,188
Balances - beginning of year	33,518	20,330
Balances - end of year	\$ 120,155	\$ 33,518
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ 58,566	\$ (23,727)
Provided (used) by operating activities		
Depreciation	62,656	78,405
Receivables - net	4,979	3,148
Accounts and other payables	1,391	(1,294)
Net cash provided by operating activities	\$ 127,592	\$ 56,532

AGENCY FUNDS

City of East Jordan

Charlevoix County, Michigan

Agency Funds

Balance Sheet

June 30, 2007

	Balance		Additions		Deletions		Balance
	July 1, 2006						June 30, 2007
Ambulance							
<u>Assets</u>							
Cash	\$	151	\$	55	\$	91	\$ 115
<u>Liabilities</u>							
Undistributed collections	\$	151	\$	55	\$	91	\$ 115
Fire Department							
<u>Assets</u>							
Cash	\$	9,070	\$	3,364	\$	3,000	\$ 9,434
<u>Liabilities</u>							
Undistributed collections	\$	9,070	\$	3,364	\$	3,000	\$ 9,434
Police Department							
<u>Assets</u>							
Cash	\$	791	\$	1,951	\$	748	\$ 1,994
<u>Liabilities</u>							
Undistributed collections	\$	791	\$	1,951	\$	748	\$ 1,994
Cemetery Perpetual Care							
<u>Assets</u>							
Cash	\$	165,020	\$	6,499	\$	1	\$ 171,518
<u>Liabilities</u>							
Undistributed collections	\$	165,020	\$	6,499	\$	1	\$ 171,518
Total All Agency Funds							
<u>Assets</u>							
Cash	\$	175,032	\$	11,869	\$	3,840	\$ 183,061
<u>Liabilities</u>							
Undistributed collections	\$	175,032	\$	11,869	\$	3,840	\$ 183,061

LONG-TERM DEBT

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$214,446 Fire Truck Installment Purchase Agreement

June 30, 2007

Year End	Interest Rate	Principal	Interest	Total
2008	4.4000 %	\$ 12,718	\$ 8,604	\$ 21,322
2009	4.4000 %	13,277	8,044	21,321
2010	4.4000 %	13,861	7,460	21,321
2011	4.4000 %	14,471	6,850	21,321
2012	4.4000 %	15,108	6,213	21,321
2013	4.4000 %	15,773	5,648	21,421
2014	4.4000 %	16,467	4,854	21,321
2015	4.4000 %	17,191	4,130	21,321
2016	4.4000 %	17,948	3,373	21,321
2017	4.4000 %	18,737	2,584	21,321
2018	4.4000 %	19,562	1,759	21,321
2019	4.4000 %	20,423	899	21,322
Totals		\$ 195,536	\$ 60,418	\$ 255,954

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$345,000 1999 Michigan Transportation Bonds

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		June 1	December 1	June 1	June 1	
2008	5.000%	\$ 25,000	\$ 4,935	\$ 4,935	\$	34,870
2009	5.050%	25,000	4,310	4,310		33,620
2010	5.150%	25,000	3,678	3,679		32,357
2011	5.200%	25,000	3,035	3,035		31,070
2012	5.250%	30,000	2,385	2,385		34,770
2013	5.300%	30,000	1,598	1,597		33,195
2014	5.350%	30,000	802	803		31,605
Totals		\$ 190,000	\$ 20,743	\$ 20,744	\$	231,487

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$175,000 2007 General Obligation Capital Improvement Bonds - for Streets

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		December 1	December 1	June 1	June 1	
2008	4.300%	\$ 5,000	\$ 3,655	\$ 3,655	\$	12,310
2009	4.300%	5,000	3,547	3,547		12,094
2010	4.300%	5,000	3,440	3,440		11,880
2011	4.300%	10,000	3,332	3,332		16,664
2012	4.300%	10,000	3,117	3,117		16,234
2013	4.300%	10,000	2,902	2,902		15,804
2014	4.300%	10,000	2,688	2,688		15,376
2015	4.300%	15,000	2,473	2,473		19,946
2016	4.300%	15,000	2,150	2,150		19,300
2017	4.300%	15,000	1,828	1,828		18,656
2018	4.300%	15,000	1,505	1,505		18,010
2019	4.300%	15,000	1,183	1,183		17,366
2020	4.300%	20,000	860	860		21,720
2021	4.300%	20,000	430	430		20,860
Totals		\$ 170,000	\$ 33,110	\$ 33,110	\$	236,220

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$125,000 2002 General Obligation Capital Improvement Bonds (Limited Tax)

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
			June 1	December 1	June 1	
2008	5.000%	\$	10,000	\$ 1,844	\$ 1,844	\$ 13,688
2009	5.050%		10,000	1,649	1,649	13,298
2010	5.150%		10,000	1,448	1,448	12,896
2011	5.200%		10,000	1,238	1,238	12,476
2012	5.250%		15,000	1,024	1,024	17,048
2013	5.300%		15,000	694	694	16,388
2014	5.350%		15,000	352	352	15,704
Totals		\$	85,000	\$ 8,249	\$ 8,249	\$ 101,498

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$128,530 Installment Purchase Agreement for Sewer Vacuum

June 30, 2007

Year End	Interest Rate	Principal		Interest		Total
2008	5.5300 %	\$	28,000	\$	1,548	\$ 29,548
Totals		\$	28,000	\$	1,548	\$ 29,548

City of East Jordan

Charlevoix County, Michigan

Schedule of Bonded Debt

\$245,000 2001 Michigan Transportation Bonds

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		June 1	December 1	June 1		
2008	3.900%	\$ 15,000	\$ 4,038	\$ 4,038	\$	23,076
2009	4.050%	15,000	3,745	3,745		22,490
2010	4.150%	20,000	3,441	3,441		26,882
2011	4.200%	20,000	3,026	3,026		26,052
2012	4.250%	20,000	2,606	2,606		25,212
2013	4.550%	20,000	2,181	2,181		24,362
2014	4.700%	20,000	1,726	1,726		23,452
2015	5.000%	25,000	1,256	1,256		27,512
2016	5.050%	25,000	631	631		26,262
Totals		\$ 180,000	\$ 22,650	\$ 22,650	\$	225,300

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$224,176 Land Contract for Boat Launch

June 30, 2007

Year End	Interest rate	Principal	Interest	Total
2008	8.000%	\$ 9,397	\$ 16,311	\$ 25,708
2009	8.000%	10,177	15,531	25,708
2010	8.000%	11,022	14,686	25,708
2011	8.000%	11,937	13,771	25,708
2012	8.000%	12,927	12,781	25,708
2013	8.000%	14,000	11,708	25,708
2014	8.000%	15,163	10,546	25,709
2015	8.000%	16,421	9,287	25,708
2016	8.000%	17,784	7,924	25,708
2017	8.000%	19,260	6,448	25,708
2018	8.000%	20,859	4,850	25,709
2019	8.000%	22,590	3,118	25,708
2020	8.000%	24,465	1,243	25,708
2021	8.000%	2,128	14	2,142
Totals		\$ 208,130	\$ 128,218	\$ 336,348

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$320,000 General Obligation Capital Improvement Bonds (Limited Tax) - Sewer Fund

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		April 1	October 1	April 1	April 1	
2008	2.300%	\$ 45,000	\$ 4,166	\$ 4,166	\$	53,332
2009	2.650%	45,000	3,559	3,559		52,118
2010	2.800%	45,000	3,003	3,003		51,006
2011	3.150%	45,000	2,350	2,350		49,700
2012	3.350%	45,000	1,641	1,641		48,282
2013	3.550%	50,000	887	887		51,774
Totals		\$ 275,000	\$ 15,606	\$ 15,606	\$	306,212

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$834,218 Michigan Drinking Water Revolving Fund Program Bonds

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		October 1	April 1	October 1		
2008	2.500%	\$ 38,000	\$ 7,290	\$ 5,815	\$	51,105
2009	2.500%	38,000	5,815	6,340		50,155
2010	2.500%	38,500	6,340	5,859		50,699
2011	2.500%	43,500	5,859	5,915		55,274
2012	2.500%	44,000	5,915	4,763		54,678
2013	2.500%	44,000	4,763	4,215		52,978
2014	2.500%	44,000	4,215	3,865		52,080
2015	2.500%	44,000	3,865	3,115		50,980
2016	2.500%	49,218	3,115	2,500		54,833
2017	2.500%	50,000	2,500	1,875		54,375
2018	2.500%	50,000	1,875	1,250		53,125
2019	2.500%	50,000	1,250	625		51,875
2020	2.500%	50,000	625	-		50,625
Totals		\$ 583,218	\$ 53,427	\$ 46,137	\$	682,782

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$1,290,000 Michigan Drinking Water Revolving Fund Program Bonds

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
		April 1	October 1	April 1	April 1	
2008	2.500%	\$ 60,000	\$ 11,375	\$ 11,375	\$	82,750
2009	2.500%	60,000	10,625	10,625		81,250
2010	2.500%	65,000	9,875	9,875		84,750
2011	2.500%	65,000	9,063	9,063		83,126
2012	2.500%	65,000	8,250	8,250		81,500
2013	2.500%	70,000	7,438	7,438		84,876
2014	2.500%	70,000	6,563	6,563		83,126
2015	2.500%	70,000	5,688	5,688		81,376
2016	2.500%	75,000	4,813	4,813		84,626
2017	2.500%	75,000	3,875	3,875		82,750
2018	2.500%	75,000	2,938	2,938		80,876
2019	2.500%	80,000	2,000	2,000		84,000
2020	2.500%	80,000	1,000	1,000		82,000
Totals		\$ 910,000	\$ 83,503	\$ 83,503	\$	1,077,006

City of East Jordan

Charlevoix County, Michigan

Schedule of Debt

\$36,031 Installment Purchase Agreement for Cots

June 30, 2007

Year End	Interest rate	Principal		Interest		Total
2008	4.380%	\$	8,321	\$	1,736	\$ 10,057
2009	4.380%		8,844		1,214	10,058
2010	4.380%		9,231		826	10,057
2011	4.380%		9,635		422	10,057
Totals		\$	36,031	\$	4,198	\$ 40,229

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Commission
City of East Jordan
Charlevoix County, Michigan

We have audited the general purpose financial statements of the City of East Jordan, Charlevoix County, Michigan for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 2, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the City of East Jordan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

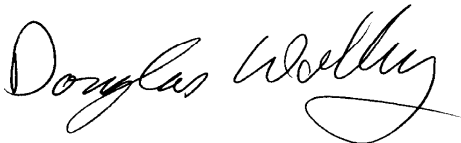
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of East Jordan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of East Jordan are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2007. We noted no transactions entered into by the City of East Jordan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the City Commission and management of the City of East Jordan and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Grand Rapids, Michigan
December 14, 2007

MANAGEMENT COMMENTS LETTER

To the Commission
City of East Jordan
Charlevoix County, Michigan

In planning and performing our audit of the financial statements of the City of East Jordan for the year ended June 30, 2007 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 14, 2007 on the financial statements of the City of East Jordan

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations



Douglas Wohlberg, CPA
Grand Rapids, Michigan
December 14, 2007

**City of East Jordan
Charlevoix County, Michigan
June 30, 2007
Management Comments Letter
Page 2**

Prior comments and suggestions

1. We have no comments for the year ended June 30, 2006.

Current comments and suggestions

1. Credit card and debit card payments are widely used and are accepted by the City in the Tourist Park and the Harbor Marina. However, the City does not accept credit card and debit card payments for other services. We recommend that the City's management investigate whether it would be effective to accept credit card and debit card payments for other services.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the City Commission
City of East Jordan
Charlevoix County, Michigan

We have audited the financial statements of City of East Jordan, Charlevoix County, Michigan as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of East Jordan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of East Jordan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of East Jordan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of East Jordan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of East Jordan's financial statements that is more than inconsequential will not be prevented or detected by the City of East Jordan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of East Jordan's internal control.

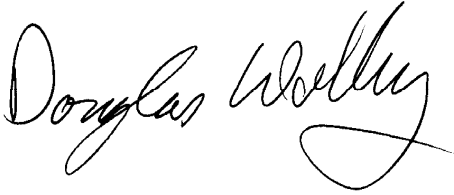
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of East Jordan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the City Commission
City of East Jordan
Charlevoix County, Michigan

This report is intended solely for the information and use of management, the City of East Jordan Statement of Net Assets, others within the City of East Jordan, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Douglas Wohlberg". The signature is fluid and cursive, with the first name "Douglas" and last name "Wohlberg" clearly distinguishable.

Douglas Wohlberg, CPA
Grand Rapids, Michigan
December 14, 2007